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SUBJECT: SERBIA: SPECULATION ON NEW PRIME MINISTER

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Summary

[11.](#) (SBU) Although there has been little progress in the formation of Serbia's new coalition government, speculation is growing about who would be the Prime Minister of a democratic, European-leaning government. The leading candidates are individuals who would not pose a political threat to President Tadic. The leader of the Socialists stated publicly that the Democratic Party was a more "acceptable" party ideologically than the radical-nationalist camp, giving the democrats a boost of optimism. Informed observers remained concerned, however, that the DS's slow approach to negotiations may provide the DSS and the Radicals time to outmaneuver Tadic and his camp. End summary.

Possible Candidates for Prime Minister

[12.](#) (SBU) As party leaders continue to maneuver behind closed doors (reftel), public speculation about the next Prime Minister of Serbia is growing. Minister of Finance Mirko Cvetkovic is a leading candidate. Cvetkovic is a close associate of former Privatization Minister Aleksandar Vlahovic, current MP and leader of an influential wing of the DS which is close Serbia's business community. Although he serves in the current government, Cvetkovic is not formally a member of DS and is thought not to pose a political threat to Tadic. He is considered a competent manager who is acceptable to the business community and less susceptible than some to blackmail because the "dirty laundry" from his time at the Privatization Agency was aired thoroughly when he became Minister last year. In a May 20 conversation with poloff, a source close to the DS who claimed to have discussed the issue twice with Tadic described Cvetkovic as a neutral choice who is well liked by Tadic, a good technocrat and competent economist, and likely acceptable to the Socialists (SPS).

[13.](#) (SBU) Goran Pitic, Executive Board President of Societe

General and former Minister of Foreign Economic Relations under former Prime Minister Djindjic (who was assassinated in 2003), is currently in second place in the handicapping. He is seen as an able technocrat who is close to the business community and likely acceptable to the SPS. Pitic is known to post as an eloquent interlocutor who is seen by some as a potential future rival to Tadic due to his looks and charm. Pitic was in a rock band in graduate school with Minister of Economy Dinkic (G-17) and former Privatization Minister Vlahovic, who was also his best man.

¶4. (SBU) Bojan Pajtic, Vice President of the Democratic Party and President of Vojvodina's Autonomous Executive Council, is still rumored as a candidate, but his name is heard less frequently now than a couple of weeks ago. Born in 1970 in Vojvodina, Pajtic was trained as a lawyer. Given his solid base of support in Vojvodina, Pajtic is seen by many as too much of a potential threat to Tadic and could be too difficult to swallow to both the DS and SPS base in central Serbia.

¶5. (SBU) Three other candidates whose names have been bandied about are competent technocrats who would be politically indebted to Tadic if appointed Prime Minister. Two of them are women: former Minister of Energy and Mines (2002-2003) and Governor of the National Bank of Serbia (2003-2004) Kori Udovicki, currently working in the UN Development Program in New York; and Gordana Matkovic, former Minister of Social Affairs (2000-2004), currently at Belgrade's Center for Liberal Democratic Studies. Matkovic would likely be acceptable to the Socialists due to her background in social policy; she has reportedly previously refused the position. Branko Milanovic, the lead economist in the World Bank's research department in Washington, also falls into this category.

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Next Steps

¶6. (U) The Democratic Party is not likely to announce its choice for Prime Minister until it concludes its negotiations with coalition partners. Those negotiations, in turn, cannot begin in earnest until the distribution of seats in the Parliament has been nailed down (and consequently SPS leader Ivica Dacic knows how many of his parliamentarians are actually willing to support a coalition with DS). Parties have ten days from the publication of the final election results to submit their lists. The Serbian Electoral Commission announced on May 20 that the final results would not be published today as expected due to irregularities during the revote in three polling stations. By law the final results must be published by May 22, meaning that the parties could possibly have until June 1 to distribute their seats in parliament.

¶7. (SBU) On May 19, Socialist leader Ivica Dacic told the press that the DS was a "more acceptable" coalition partner than the Democratic Party of Serbia (DSS) and the Radicals. Although this was widely taken as a sign that the DS still has the upper hand in forming the next government, some observers, including EU representative Peter Sorensen of the EU office in Belgrade, are concerned that DS has been too slow to take the initiative in direct negotiations with the Socialists. If the parties do not move quickly to form a government once the parliamentarians are seated, the June 15 implementation of the Kosovo Constitution could provide an opportunity for the DSS and the

Radicals to protest noisily and possibly seize the upper hand in coalition negotiations. Kostunica's public silence in recent days should not be taken as a sign that he is out of the game, observers note. (Sorensen noted that some within the DS would like to form a coalition with the DSS - minus Kostunica - due to past shared financial interests. Foreign Minister Vuk Jeremic is also believed to favor the same type of coalition with the DSS due to his close working relationship with them on Kosovo issues.)

18. (SBU) In a May 19 conversation with poloff, acting mayor of Belgrade Zoran Alimpic (DS) stressed the linkage between ongoing talks on the municipal and national levels. He warned that nothing would be final on the municipal level until agreement is reached on the national coalition, and recalled 2004 negotiations for the city government when the DSS insisted on amending the political agreement at the last minute.

Comment

19. (SBU) Tadic's pro-European forces currently have the momentum to form Serbia's next government, with the public signals pointing their way. Post expects to see growing nervousness among observers from the democratic camp as the back-room negotiations stretch on, however, given Kostunica's track record of out-maneuvering the pro-Europeans at the last moment. End Comment.
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